

Challenge the Process – Discussion

Issues	Constraints/Current practice	Pros	Cons	Comments
<b>Should we allow ex-spouses to remain in the Plans?</b>	<ul style="list-style-type: none"> <li>• The Pension Benefits Act in its current form does not allow ex-spouses whose member spouse is currently working to transfer assets out.</li> <li>• Under the current provisions of the PBA ex-spouse can withdraw their funds out when the spouse member terminates, dies or retires.</li> <li>• Bi11 133 – will make it possible for ex-spouses to transfer their funds out but it is not clear if there will be a retro - active option ( expected to be proclaimed into force in 2011)</li> </ul>	<ul style="list-style-type: none"> <li>• Keeps funds in the plans</li> <li>• May be seen as benefit to the member spouse</li> </ul>	<ul style="list-style-type: none"> <li>• Set up a new account but it needs to be linked to the member account to know when to enable the transfer out of the spousal account</li> <li>• Administration is cumbersome.</li> <li>• May not be able to force them out depending on the legislation</li> <li>• Taking on additional fiduciary responsibilities for individuals with no connection to Western.</li> </ul>	<ul style="list-style-type: none"> <li>• Likely better to revisit this when there is more certainty in what the revisions in Pension and Family law will allow.</li> <li>• In cases where the member spouse does retire, terminate or die and the ex-spouse account can be moved this is left at the discretion of the ex-member spouse.</li> </ul>
<b>Should we allow regular and voluntary</b>	<ul style="list-style-type: none"> <li>• We allow this at the moment</li> <li>• Can be done any month</li> </ul>	<ul style="list-style-type: none"> <li>• Provides members with flexibility and choice in the</li> </ul>	<ul style="list-style-type: none"> <li>• Increases administration but can be done on the system</li> </ul>	<ul style="list-style-type: none"> <li>• Voluntary contribution are not locked in and can be withdrawn from the pension plan, so a different investment</li> </ul>

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<b>investment directions to be different?</b>		management of their funds	so not a big issue <ul style="list-style-type: none"> <li>Members get confused as to which funds they changed the allocation for (It has led to errors and member complaints in the past).</li> </ul>	strategy can be pursued for those assets <ul style="list-style-type: none"> <li>Since we provide this already may be seen as a take away if discontinued.</li> <li>The voluntary account also used for transfer in from other plans.</li> </ul>
<b>Should we allow investment directions for past and future contributions to be different?</b>	<ul style="list-style-type: none"> <li>We can allocate past and future separately at the moment.</li> <li>Can be done any month</li> </ul>	<ul style="list-style-type: none"> <li>Flexibility and member responsiveness</li> </ul>	<ul style="list-style-type: none"> <li>Increases administration but can be done on the system so not a big issue</li> <li>Members get confused as to which funds they changed the allocation for (It has led to errors and member complaints in the past).</li> </ul>	<ul style="list-style-type: none"> <li>Since we provide this already may be seen as a take away if discontinued.</li> <li>Not causing significant administration problems.</li> </ul>
<b>Should we allow voluntary contributions at all?</b>	<ul style="list-style-type: none"> <li>Up to the CRA maximum</li> <li>1225 members do make these currently (1320 members made voluntary contributions in 2009)</li> <li>Estimated amount for 2010: \$4,300,000 (\$5,100,000 of voluntary contributions were made in 2009)</li> <li>Members contribute on</li> </ul>	<ul style="list-style-type: none"> <li>Assist in saving for retirement in a way that is cost effective for members.</li> <li>A common option in most registered pension plans</li> </ul>	<ul style="list-style-type: none"> <li>Some extra administration but not onerous to date good system support.</li> <li>Gets onerous when we provide manual cash advance for urgent cases</li> </ul>	<ul style="list-style-type: none"> <li>Given the relatively low level of required member contribution helps to encourage more retirement savings.</li> <li>Can be pulled out at member request without locking in with \$100 fee.</li> <li>Identified a need to increase member contributions.</li> </ul>

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	average 4% of their earnings (for those who contribute only) <ul style="list-style-type: none"> <li>• Voluntary account also used to hold funds transferred in from other plans.</li> </ul>			
<b>Should we allow transfers in or out?</b>	<ul style="list-style-type: none"> <li>• Currently allow transfer in from other plans and requires manual processing.</li> <li>• PBA says we can allow them in but that we have the option to limit this.</li> <li>• Must allow transfers out in the prescribed manner.</li> </ul>	<ul style="list-style-type: none"> <li>• Increases funds under management</li> <li>• Member convenience by allowing consolidation of their retirement savings.</li> <li>• Member are doing this, we tend to get regular requests (several a month);</li> <li>• In 2008 we had 70 transfers in and 35 transfers out</li> </ul>	<ul style="list-style-type: none"> <li>• Transfer in from other plans can be administratively complex if coming from outside of Ontario ( e.g. Manitoba sourced funds)</li> </ul>	<ul style="list-style-type: none"> <li>• Process is time sensitive and has manual requirements and a number of areas involved.</li> <li>• Consider only allowing transfers in from Ontario only sourced funds</li> <li>• Members going to Western RIF can move these funds from pension plan to RIF but not from RSP to Western RIF</li> </ul>
<b>Should we allow terminated</b>	<ul style="list-style-type: none"> <li>• Terminated Members can stay in pension plan until</li> </ul>	<ul style="list-style-type: none"> <li>• Keeps more funds under management</li> </ul>	<ul style="list-style-type: none"> <li>• Increases administration some</li> </ul>	<ul style="list-style-type: none"> <li>• Data and administration for terminated members is a challenge – they tend to</li> </ul>

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<b>members to stay in the plans?</b>	<p>the end of the year they-turn age 71- Income Tax limit</p> <ul style="list-style-type: none"> <li>• \$200 annual fee for members who terminated before early retirement date</li> <li>• No fee for members who retire</li> </ul>		<p>former members who have not worked for Western for a long time.</p> <ul style="list-style-type: none"> <li>• Work and time to track down and update information for members who may be less engaged.</li> </ul>	<p>move, leave the country and forget to tell us.</p> <ul style="list-style-type: none"> <li>• Should we review the smaller terminated accounts or long time terminated members</li> <li>• Process implications and resources to administer moving members out.</li> <li>• For some members the \$200 annual fee is a significant proportion of their account balance and as such they would be better off transferring their money out</li> </ul>